

Ishrat Husain: The health challenge in Pakistan - prognosis and prescription

Chief guest address by Mr Ishrat Husain, Governor of the State Bank of Pakistan, at the launch of the Human Development Report of South Asia, organised by Mahbubul Haq Center for Human Development, Islamabad, 30 May 2005.

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There is a strong theoretical and empirical evidence that Economic growth causes improvements in human development which, in turn, increases economic growth. The improvement in health results in enhancement of basic capabilities that adds value to human life. The transmission to growth takes place through impact on worker productivity, through demography and through trade and investment. Health has a positive effect on poverty reduction too. Poor households are hit by major illness and fall into poverty trap. Lower earnings due to withdrawal from full time employment increases the risk of illness for the rest of the households. Risk of falling below poverty becomes acute in case of death of the bread winner of the family. Thus, investment in health, particularly preventive health such as availability of clean drinking water and sanitation can contribute to growth and minimize the risk of falling below the poverty line.

There is no doubt that Pakistan's social indicators are not something we can feel proud of. Pakistan's competitiveness in the future knowledge based economy of the world will critically depend upon how well we are able to harness and increase the productivity of labor force for meeting future challenges. It is no longer a cliché that those lag behind in human development are going to become marginalized.

It is all the more surprising to note this poor state of affairs at a time that there is almost unanimity on the intellectual front and broad consensus on the political front on the importance of human development in attaining national prosperity. Both the economists and non-economists have converged their views on the critical role education and training, health and nutrition play in economic development. Those on the left, those in the center and conservatives also have identical views though due to different reasons. All political parties in Pakistan are committed to human development as a policy objective. Why is it then that the progress in this area has been so unsatisfactory and what can be done to remedy this situation?

In my view there are four cogent reasons for lack of progress in human development in Pakistan. First, there is a structural ambiguity in the allocation of responsibilities between the Federal, Provincial and local governments in the whole endeavour of human development. The overlap and duplication in the policy making and implementation have created a lot of confusion, waste of efforts and inadequate outcomes. There are too many players moving in different directions. There is a need for clear definition and delineation of responsibilities between the various tiers of the government and accountability of results. At the same time there are areas such as regulation of private institutions in education and health that are begging for action by the government and there is nobody in charge. These gaps, ambiguities and lack of defined responsibilities have given rise to weak governance in this sector.

Second, at each tier of government there is a bundling of policy, executing and regulatory functions within the Education and Health Ministries and Departments. This concentration of powers impairs the capacity of the departments to deliver the services. There is an urgent need to entrust the policy making functions to the Ministries and departments, executing and implementing responsibilities to fully empowered agencies and the regulatory duties to independent regulatory bodies located outside the ministries and departments. This unbundling of functions will help strengthen the capacity of government to deliver these social services in an effective manner.

Third, the management of education, health and other human development policies, programmes and projects is far from being satisfactory. We assume that technical experts and specialists in their areas, such as education and health, can fit in very easily in the managerial positions. Little do we realize that all successful institutions in the world have properly trained and experienced hospital administrators, educational administrators, financial managers, supply chain and logistics specialists. On the other hand, here in Pakistan we have unqualified and inexperienced persons aspiring and competing for these positions simply because they carry privileges, perks and power. Why should highly qualified surgeons fight with each other to become Medical Superintendents or hospital administrators? Administrative positions carry a lot of prestige and power which the professional positions do not and hence we have serious misallocation of resources. We lose first rate surgeons and doctors end-up

with third rate administrators who rely upon the office clerks, superintendents and accountants for advice and decision making. No wonder we have such an awful record on delivery of services.

Fourth, there is too much bureaucratic strangulation in the business processes and at the same time too little accountability. The plethora of rules, regulations, reports etc. stifle initiative and innovation and encourage apathy and inaction among those who wish to play by the book. But those who are dare devils use the opaqueness of the same rules and regulations and diffused nature of supervision to appropriate resources for their own enrichment. The rules have become a block against collective good but an easy path for individual good. That is why the medicines for the hospitals are procured at highly inflated prices and resold in the open market through a network of connected medical stores while the poor who are entitled to these medicines free of cost have either to pay for them or go without them. The paradox is that those who are well to do and highly influential or capable of doing damage get the services at no cost to themselves but the poor who cannot afford these services and for whom the allocation are made by the government are deprived. Access to services is rationed not by price but by the status.

What can be done to remedy this situation? Human development expenditures should be allocated in an integrated and holistic manner. Safe drinking water, more literate women and cleanliness in the neighborhoods will have high pay-off and avoid increased expenditures on curative health, population and nutrition programs. Under the present fragmented and compartmentalized system the cost effectiveness of each rupee spent out of the budget on vertical programs is quite low. Professional managers and administrators should be appointed to run the health and education programmes and institutions.

Second, devolution of financial and administrative powers to the lower tiers of government should be made a priority in the real operational sense. The present situation where the doctors and other staff are appointed and transferred by the Provincial governments while the health facilities are managed and operated by the local governments has to be resolved immediately. The resource allocation, both human and financial, should be made commensurate with the responsibilities and accountability clearly defined. Linkages between different human development components and the synergies from implementing vertical programmes in the health sector can be achieved only at the local level.

Third, it is not necessary that the government should be both financier as well as provider of services. Not-for-profit organizations, community and civil society organizations and private sector have proved to be more adept at managing and delivering the services. Competition should be encouraged among the most efficient service providers by linking government per capita grants for the poor population with the effective outreach and delivery of services to the poor. This system will automatically overcome the problem of rationing that favors the elite over the poor and also ensure that only the target population is subsidized by the government. Government will continue to formulate policies, develop health infrastructure and health personnel and oversee and regulate the non-governmental providers.

Finally, the elected representatives of an area should assume an active role as watchdog to make sure that the poor segments of the population are treated well at the government facilities. Instead of focusing their attention on the postings and transfers of individual officials they will win popular support if they redress the grievances of their electorate in accessing basic services provided by the government. This vigilance will keep the officials on the right track while endear the elected representatives to their electorate. Monitoring and evaluation of various programmes and projects will have to be carried out separately in a systematic way.